

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name		License Number	

KAWKAWLIN TOWNSHIP

Bay County, Michigan

FINANCIAL STATEMENTS

March 31, 2007

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BERTHIAUME
& COMPANY

Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT

To the Township Board
Kawkawlin Township, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Kawkawlin Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kawkawlin Township's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Township's water and sewer systems managed by the Bay County Department of Water and Sewer. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Township's water and sewer systems managed by the Bay County Department of Water and Sewer, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kawkawlin Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Berthiaume & Co.

August 17, 2007

BASIC FINANCIAL STATEMENTS

KAWKAWLIN TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2007

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
Assets:			
Cash, cash equivalents, and investments	\$ 1,127,467	\$ 1,004,371	\$ 2,131,838
Receivables	100,574	387,708	488,282
Prepaid expenses	3,051	7,455	10,506
Restricted cash, cash equivalents and investments	-	5,866	5,866
Capital assets:			
Nondepreciable capital assets	5,000	-	5,000
Depreciable capital assets, net	<u>679,074</u>	<u>8,248,213</u>	<u>8,927,287</u>
Total assets	<u>1,915,166</u>	<u>9,653,613</u>	<u>11,568,779</u>
Liabilities:			
Accounts payable and accrued expenses	46,411	57,625	104,036
Long-term liabilities:			
Due within one year	67,800	155,593	223,393
Due in more than one year	<u>200,040</u>	<u>1,902,487</u>	<u>2,102,527</u>
Total liabilities	<u>314,251</u>	<u>2,115,705</u>	<u>2,429,956</u>
Net assets:			
Invested in capital assets, net of related debt	416,234	6,192,746	6,608,980
Unrestricted net assets	<u>1,184,681</u>	<u>1,345,162</u>	<u>2,529,843</u>
Total net assets	<u>\$ 1,600,915</u>	<u>\$ 7,537,908</u>	<u>\$ 9,138,823</u>

The accompanying notes are an integral part of these financial statements.

KAWKAWLIN TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

		<i>Program Revenues</i>			<i>Net (Expense) Revenue</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	
Functions/Programs	<u>Expenses</u>				
<i>Governmental activities:</i>					
General government	\$ 291,726	\$ 51,895	\$ 14,248	\$ -	\$ (225,583)
Public safety	234,793	65,236	1,845	-	(167,712)
Public works	353,569	257,148	7,837	-	(88,584)
Community and economic development	9,632	-	-	-	(9,632)
Recreation and culture	19,025	2,387	-	25,435	8,797
Interest on long-term debt	12,077	-	-	-	(12,077)
Total governmental activities	<u>920,822</u>	<u>376,666</u>	<u>23,930</u>	<u>25,435</u>	<u>(494,791)</u>
<i>Business-type activities:</i>					
Sewer	417,647	276,480	51,280	-	(89,887)
Water	<u>612,695</u>	<u>614,032</u>	<u>66,504</u>	<u>-</u>	<u>67,841</u>
Total business-type activities	<u>1,030,342</u>	<u>890,512</u>	<u>117,784</u>	<u>-</u>	<u>(22,046)</u>
Total government	<u>\$1,951,164</u>	<u>\$ 1,267,178</u>	<u>\$ 141,714</u>	<u>\$ 25,435</u>	<u>\$ (516,837)</u>

The accompanying notes are an integral part of these financial statements.

	<i><u>Governmental</u></i> <i><u>Activities</u></i>	<i><u>Business-</u></i> <i><u>type</u></i> <i><u>Activities</u></i>	<i><u>Total</u></i>
<i>Changes in net assets:</i>			
Net (Expense) Revenue	\$ (494,791)	\$ (22,046)	\$ (516,837)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	154,314	-	154,314
Property taxes, levied for fire protection	128,164	-	128,164
Franchise taxes	29,642	-	29,642
Grants and contributions not restricted to specific programs	347,219	-	347,219
Unrestricted investment earnings	66,685	51,767	118,452
Transfers	(34,904)	34,904	-
Total general revenues, contributions and special items	<u>691,120</u>	<u>86,671</u>	<u>777,791</u>
Change in net assets	196,329	64,625	260,954
Net assets, beginning of year, as restated	<u>1,404,586</u>	<u>7,473,283</u>	<u>8,877,869</u>
Net assets, end of year	<u>\$ 1,600,915</u>	<u>\$ 7,537,908</u>	<u>\$ 9,138,823</u>

KAWKAWLIN TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	<i>General Fund</i>	<i>Fire Fund</i>	<i>Trash Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets:					
Cash and cash equivalents	\$ 870,780	\$ 17,836	\$ 45,481	\$ 193,370	\$ 1,127,467
Taxes receivable	12,619	8,820	-	-	21,439
Accounts receivable	-	-	17,215	426	17,641
Accrued interest receivable	4,487	-	-	-	4,487
Due from other governmental units	57,007	-	-	-	57,007
Prepaid expenditures	3,051	-	-	-	3,051
Total assets	<u>\$ 947,944</u>	<u>\$ 26,656</u>	<u>\$ 62,696</u>	<u>\$ 193,796</u>	<u>\$ 1,231,092</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 5,328	\$ 840	\$ 17,322	\$ 5,783	\$ 29,273
Accrued expenses	14,880	-	-	2,258	17,138
Total liabilities	<u>20,208</u>	<u>840</u>	<u>17,322</u>	<u>8,041</u>	<u>46,411</u>
Fund balances:					
Reserved for:					
Prepaid expenditures	3,051	-	-	-	3,051
Unreserved:					
General fund	924,685	-	-	-	924,685
Special revenue funds	-	25,816	45,374	185,755	256,945
Total fund balances	<u>927,736</u>	<u>25,816</u>	<u>45,374</u>	<u>185,755</u>	<u>1,184,681</u>
Total liabilities and fund balances	<u>\$ 947,944</u>	<u>\$ 26,656</u>	<u>\$ 62,696</u>	<u>\$ 193,796</u>	<u>\$ 1,231,092</u>

The accompanying notes are an integral part of these financial statements.

KAWKAWLIN TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2007

Total fund balances for governmental funds \$ 1,184,681

Total net assets reported for governmental activities in the statement of
of net assets is different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds.

Governmental capital assets	1,143,449	
Less accumulated depreciation	<u>(459,375)</u>	684,074

Long-term liabilities are not due and payable in the current year and
therefore are not reported in the governmental funds:

Loans and notes payable	<u>(267,840)</u>
-------------------------	------------------

Net assets of governmental activities \$ 1,600,915

The accompanying notes are an integral part of these financial statements.

KAWKAWLIN TOWNSHIP

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<i>General Fund</i>	<i>Fire Fund</i>	<i>Trash Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:					
Property taxes	\$ 196,847	\$ 128,164	\$ -	\$ -	\$ 325,011
Licenses and permits	29,642	-	-	52,886	82,528
State grants	356,441	-	-	1,845	358,286
Contributions from other units	12,863	-	-	-	12,863
Charges for services	20,236	7,106	209,470	19,470	256,282
Interest and rents	74,655	-	-	-	74,655
Other revenue	<u>30,767</u>	<u>-</u>	<u>195</u>	<u>15,638</u>	<u>46,600</u>
Total revenues	<u>721,451</u>	<u>135,270</u>	<u>209,665</u>	<u>89,839</u>	<u>1,156,225</u>
Expenditures:					
Current					
General government	228,064	-	-	30,346	258,410
Public safety	112,025	31,605	-	44,358	187,988
Public works	236,931	-	203,129	2,740	442,800
Community and economic development	13,802	-	-	-	13,802
Recreation and culture	19,025	-	-	-	19,025
Other	29,162	-	-	-	29,162
Capital outlay	21,303	6,438	-	5,100	32,841
Debt service					
Principal	-	65,158	-	-	65,158
Interest and fees	<u>-</u>	<u>12,077</u>	<u>-</u>	<u>-</u>	<u>12,077</u>
Total expenditures	<u>660,312</u>	<u>115,278</u>	<u>203,129</u>	<u>82,544</u>	<u>1,061,263</u>
Excess (deficiency) of revenues over expenditures	61,139	19,992	6,536	7,295	94,962
Other financing sources (uses):					
Transfers out	<u>(34,904)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,904)</u>
Net change in fund balances	26,235	19,992	6,536	7,295	60,058
Fund balances, beginning of year, as restated	<u>901,501</u>	<u>5,824</u>	<u>38,838</u>	<u>178,460</u>	<u>1,124,623</u>
Fund balances, end of year	<u>\$ 927,736</u>	<u>\$ 25,816</u>	<u>\$ 45,374</u>	<u>\$ 185,755</u>	<u>\$ 1,184,681</u>

The accompanying notes are an integral part of these financial statements.

KAWKAWLIN TOWNSHIP

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2007

Net change in fund balances - total governmental funds \$ 60,058

Total change in net assets reported for governmental activities in the statement
of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is depreciated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	33,153	
Less depreciation expense	<u>(51,271)</u>	(18,118)

Repayments of principal on long-term obligations are expenditures in
governmental but the payments reduce long-term liabilities in the statement
of net assets.

154,389

Change in net assets of governmental activities \$ 196,329

The accompanying notes are an integral part of these financial statements.

KAWKAWLIN TOWNSHIP

PROPRIETARY FUND
STATEMENT OF NET ASSETS
March 31, 2007

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Assets:			
<i>Current assets:</i>			
Cash, cash equivalents and investments	\$ 483,528	\$ 520,843	\$ 1,004,371
Accounts receivable	21,852	49,138	70,990
Accrued interest receivable	3,025	4,211	7,236
Prepaid expenses	3,926	3,529	7,455
Total current assets	512,331	577,721	1,090,052
<i>Noncurrent assets:</i>			
Restricted cash, cash equivalents and investments	-	5,866	5,866
Special assessments receivable	195,456	114,026	309,482
Capital assets:			
Depreciable capital assets, net	4,404,928	3,843,285	8,248,213
Total noncurrent assets	4,600,384	3,963,177	8,563,561
Total assets	5,112,715	4,540,898	9,653,613
Liabilities:			
<i>Current liabilities:</i>			
Accounts payable	999	38,979	39,978
Accrued expenses	8,538	3,243	11,781
Advances	-	5,866	5,866
Current long-term debt	74,832	80,761	155,593
Total current liabilities	84,369	128,849	213,218
<i>Noncurrent liabilities:</i>			
Compensated absences payable	-	11,977	11,977
Long-term debt	1,000,832	889,678	1,890,510
Total noncurrent liabilities	1,000,832	901,655	1,902,487
Total liabilities	1,085,201	1,030,504	2,115,705
Net assets:			
Invested in capital assets, net of related debt	3,320,948	2,871,798	6,192,746
Unrestricted	706,566	638,596	1,345,162
Total net assets	\$ 4,027,514	\$ 3,510,394	\$ 7,537,908

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

PROPRIETARY FUND
**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS**

Year Ended March 31, 2007

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Operating revenues:			
Charges for services	\$ 276,480	\$ 602,495	\$ 878,975
Other	-	2,946	2,946
Total operating revenues	<u>276,480</u>	<u>605,441</u>	<u>881,921</u>
Operating expenses:			
Personnel	81,225	67,300	148,525
Sewage treatment	118,155	-	118,155
Purchase of water	-	319,754	319,754
Administrative expense	5,424	17,946	23,370
Utilities	4,758	1,063	5,821
Repairs and maintenance	17,319	21,200	38,519
Other services and supplies	647	6,371	7,018
Depreciation	<u>141,938</u>	<u>129,744</u>	<u>271,682</u>
Total operating expenses	<u>369,466</u>	<u>563,378</u>	<u>932,844</u>
Operating income (loss)	<u>(92,986)</u>	<u>42,063</u>	<u>(50,923)</u>
Non-operating revenues (expenses);			
Interest income	11,084	25,025	36,109
Interest earned on special assessments	15,658	8,591	24,249
Contributions for connection fees	51,280	61,500	112,780
Contributions from other units for debt service	-	5,004	5,004
Interest expense	<u>(48,181)</u>	<u>(49,317)</u>	<u>(97,498)</u>
Total non-operating revenues (expenses)	<u>29,841</u>	<u>50,803</u>	<u>80,644</u>
Net income (loss) before operating transfers	(63,145)	92,866	29,721
Operating transfers:			
Transfer from other funds	-	34,904	34,904
Net income (loss)	(63,145)	127,770	64,625
Net assets, beginning of year	<u>4,090,659</u>	<u>3,382,624</u>	<u>7,473,283</u>
Net assets, end of year	<u>\$ 4,027,514</u>	<u>\$ 3,510,394</u>	<u>\$ 7,537,908</u>

The accompanying notes are an integral part of these financial statements.

FRASER TOWNSHIP

PROPRIETARY FUND STATEMENT OF CASH FLOWS

Year Ended March 31, 2007

	<i>Business-type Activities</i>		
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Cash flow from operating activities:			
Cash received from customers	\$ 273,117	\$ 617,303	\$ 890,420
Cash payments to employees	(81,225)	(66,650)	(147,875)
Cash payments to suppliers for goods and services	(308,340)	(504,294)	(812,634)
Net cash provided (used) by operating activities	(116,448)	46,359	(70,089)
Cash flows from non-capital financing activities:			
Operating transfers in	-	34,904	34,904
Net cash provided (used) by non-capital financing activities	-	34,904	34,904
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(125,478)	(78,785)	(204,263)
Principal payments on capital debt	(74,832)	(78,647)	(153,479)
Interest paid on capital debt	(49,177)	(50,017)	(99,194)
Payments received on special assessments	28,229	8,704	36,933
Interest earned on special assessments	15,658	8,591	24,249
Payments received for debt service payments	-	5,004	5,004
Payments received for sewer and water line connections	51,280	61,500	112,780
Net cash used by capital and related financing activities	(154,320)	(123,650)	(277,970)
Cash flows from investing activities:			
Interest received	10,581	23,164	33,745
Net cash provided by investing activities	10,581	23,164	33,745
Net increase (decrease) in cash and cash equivalents	(260,187)	(19,223)	(279,410)
Cash, cash equivalents and investments, beginning of year	743,715	545,932	1,289,647
Cash, cash equivalents and investments, end of year	\$ 483,528	\$ 526,709	\$ 1,010,237
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (92,986)	\$ 42,063	\$ (50,923)
Adjustments:			
Depreciation	141,938	129,744	271,682
Change in assets and liabilities:			
Accounts receivable	(3,363)	(162)	(3,525)
Due from other governmental units	-	12,024	12,024
Prepaid expenses	(3,652)	(2,742)	(6,394)
Accounts payable and accrued expenses	(158,385)	(135,520)	(293,905)
Compensated absences payable	-	952	952
Net cash provided (used) by operating activities	\$ (116,448)	\$ 46,359	\$ (70,089)

The accompanying notes are an integral part of these financial statements.

KAWKAWLIN TOWNSHIP

FIDUCIARY FUND
STATEMENT OF NET ASSETS
March 31, 2007

	<i><u>Agency Fund</u></i>
Assets:	
Cash and cash equivalents	\$ <u>1,584</u>
Total assets	<u>1,584</u>
Liabilities:	
Undistributed property tax collections	<u>1,584</u>
Total liabilities	<u>1,584</u>
Net Assets:	
Unrestricted	<u>-</u>
Total net assets	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Kawkawlin Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township and its component units, if any. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units included in the Township's reporting entity.

These financial statements include the portion of the Township's sewer and water systems that are managed as an Agency Funds by the Bay County Department of Water and Sewer. The County managed portion of the Township's Sewer and Water Funds is audited by other auditors as of and for the year ended December 31, 2006.

A separate audited December 31, 2006 financial report is available from the Bay County Department of Water and Sewer, 3933 Patterson Road, Bay City, Michigan, 48706.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. These statements distinguish between activities that are governmental and business-type activities.

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in two parts (1) invested in capital assets, net of related debt and (2) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

Fund Financial Statements:

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting.

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Fire Fund** is used to account for a tax levy for the purpose of providing fire protection.

The **Trash Fund** is used to account for a special assessment levy for the purpose of providing garbage and rubbish collection.

The Township reports the following major enterprise funds:

The **Water Fund** is used to account for the revenues and expenses for the operation of a water system.

The **Sewer Fund** is used to account for the revenues and expenses for the operation of a sewer system.

Private-sector standards of accounting and financial reporting issued prior to March 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. The Township has elected not to follow subsequent private-sector guidance.

Assets, Liabilities and Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For the purposes of the statement of cash flows, the Township considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents.

Interfund Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004.

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Land improvements	25-50 years
Equipment	10-20 years
Sewer and Water Systems	40-50 years

Compensated Absences – It is the Township’s policy to not permit employees to accumulate earned but unused sick and vacation days. The compensated absences liability shown in the proprietary fund and government-wide statement of net assets is derived from the portion of the Township’s Water fund that is handled as an Agency Fund by the Bay County Department of Water and Sewer. The liability is accrued in accordance with the policy applicable to employees of the Bay County Department of Water and Sewer.

Long-term Obligations – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes:

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with a final collection date of February 28 before they are added to the County tax rolls.

The 2006 taxable valuation of the Township’s real and personal property totaled \$129,814,589, on which ad valorem taxes levied consisted of 1.129 mills for the Township’s operating purposes and .986 mills for an extra voted millage for fire.

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget by fund for each year is submitted to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township incurred expenditures that were in excess of the amounts budgeted, as follows:

	<i><u>Final Budget</u></i>	<i><u>Actual</u></i>	<i><u>Excess</u></i>
General Fund:			
General Government	\$ 228,064	\$ 226,705	\$ 1,359
Recreation	19,025	16,000	3,025
	<u>\$ 247,089</u>	<u>\$ 242,705</u>	<u>\$ 4,384</u>

State Construction Code Act:

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

Cumulative surplus at April 1, 2006	\$ 83,280
Current year building permit revenue	52,886
Related expenses:	
Direct costs	<u>49,458</u>
Cumulative surplus at March 31, 2007	<u>\$ 86,708</u>

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

The Township's deposits and investments are subject to risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$ 1,165,114 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$ 303,960 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

Investments:

The Township Sewer and Water Funds report \$ 1,010,237 of investments as of year end. These monies are being held as part of an investment pool of Bay County. The County has invested in external investment pools, government obligations, commercial paper and money market funds. Information regarding these investments and risk associated with these investments may be obtained from the Bay County DWS Financial Report for the year ended December 31, 2006.

NOTE 4: FUND EQUITY

Specific reservations of fund equity include:

Reserved for prepaid expenditures – This reserve was created to indicate that the portion of fund balance represented by prepaid expenditures is not available for appropriation.

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 5: CAPITAL ASSETS

Governmental activities capital asset activity for the year ended March 31, 2007 was as follows:

	<i><u>Beginning Balance</u></i>	<i><u>Additions</u></i>	<i><u>Retirements</u></i>	<i><u>Ending Balance</u></i>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Depreciable capital assets:				
Buildings and improvements	203,000	-	-	203,000
Land improvements	-	17,933	-	17,933
Equipment	<u>902,296</u>	<u>15,220</u>	<u>-</u>	<u>917,516</u>
Total depreciable capital assets	1,105,296	33,153	-	1,138,449
Accumulated depreciation	<u>(408,104)</u>	<u>(51,271)</u>	<u>-</u>	<u>(459,375)</u>
Depreciable capital assets, net	<u>697,192</u>	<u>(18,118)</u>	<u>-</u>	<u>679,074</u>
Governmental activities, capital assets, net	<u>\$ 702,192</u>	<u>\$ (18,118)</u>	<u>\$ -</u>	<u>\$ 684,074</u>
Business-type activities:				
Depreciable capital assets				
Sewer system	\$ 5,768,916	\$ 125,478	\$ -	\$ 5,894,394
Water system	<u>5,760,803</u>	<u>78,785</u>	<u>-</u>	<u>5,839,588</u>
Total capital depreciable assets	11,529,719	204,263	-	11,733,982
Accumulated depreciation	<u>(3,214,087)</u>	<u>(271,682)</u>	<u>-</u>	<u>(3,485,769)</u>
Depreciable capital assets, net	<u>8,315,632</u>	<u>(67,419)</u>	<u>-</u>	<u>8,248,213</u>
Business-type activities, capital assets, net	<u>\$ 8,315,632</u>	<u>\$ (67,419)</u>	<u>\$ -</u>	<u>\$ 8,248,213</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 5,167
Public safety	<u>46,104</u>
Total governmental activities	<u>\$ 51,271</u>
Business-type activities:	
Sewer	\$ 141,938
Water	<u>129,744</u>
Total business-type activities	<u>\$ 271,682</u>

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 6: LONG-TERM LIABILITIES

The Township may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Township.

Long-term liabilities at March 31, 2007 consisted of the following:

<u><i>Types of Indebtedness</i></u>	<u><i>Maturity</i></u>	<u><i>Interest Rates</i></u>	<u><i>Annual Principal Installments</i></u>	<u><i>Original Issue Amount</i></u>	<u><i>Outstanding at Year-End</i></u>
<u>Governmental Activities</u>					
<i>Contracts Payable:</i>					
Fire Truck and Refinancing	4/1/05-12/1/10	3.97%	\$53,079-68,361	\$ 492,439	\$ 250,297
Fire Rescue Truck	11/4/05-9/4/10	4.14%	\$1,805-3,000	23,809	17,543
<u>Business-type Activities</u>					
<i>General Obligation Bonds:</i>					
1982 Bay County Water Bond	7/1/07-7/1/22	5.0%	31,770-42,360	1,051,940	603,630
1997 Bay County Water Bond	2/1/07	5.2%	18,800	185,650	18,800
1998 Bay County Water Bond	7/1/07-7/1/18	4.85-5.00%	22,464-37,440	514,800	345,895
1978 Bay County Sewer Bond	5/1/07-5/1/08	5.5%	60,832		121,664
2005 Bay County Sewer Bond	11/1/07-11/1/25	3.05-4.75%	50,000-60,000	940,000	940,000
<i>Contract Payable:</i>					
1997 Bay County Sewer Note	6/1/07	5.5%	14,000		14,000

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

The following is a summary of long-term liabilities transactions for the year ended March 31, 2007:

	<u>April 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31, 2007</u>	<u>Due Within One Year</u>
Governmental activities:					
Contracts Payable:					
Fire Truck and Refinancing	\$ 310,994	\$ -	\$ (60,697)	\$ 250,297	\$ 63,151
Road Commission Contract	89,231	-	(89,231)	-	-
Fire Rescue Truck	<u>22,004</u>	<u>-</u>	<u>(4,461)</u>	<u>17,543</u>	<u>4,649</u>
Total governmental activities					
- long-term liabilities	<u>\$ 422,229</u>	<u>\$ -</u>	<u>\$ (154,389)</u>	<u>\$ 267,840</u>	<u>\$ 67,800</u>
Business-type activities:					
General Obligation Bonds:					
1982 Bay County Water Bond	\$ 635,400	\$ -	\$ (31,770)	\$ 603,630	\$ 31,770
1997 Bay County Water Bond	37,600	-	(18,800)	18,800	18,800
1998 Bay County Water Bond	373,972	-	(28,077)	345,895	28,077
1978 Bay County Sewer Bond	182,496	-	(60,832)	121,664	60,832
2005 Bay County Sewer Bond	940,000	-	-	940,000	-
Contract Payable:					
1997 Bay County Sewer Note	28,000	-	(14,000)	14,000	14,000
Compensated Absences Payable	<u>13,138</u>	<u>953</u>	<u>-</u>	<u>14,091</u>	<u>2,114</u>
Total business-type activities					
- long-term liabilities	<u>\$ 2,210,606</u>	<u>\$ 953</u>	<u>\$ (153,479)</u>	<u>\$ 2,058,080</u>	<u>\$ 155,593</u>

Annual debt service requirements to maturity for the above bonds and loans are as follows:

<u>Year Ended March 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 67,800	\$ 9,435	\$ 77,235	\$ 153,479	\$ 91,971	\$ 245,450
2009	70,550	6,686	77,236	170,679	84,422	255,101
2010	73,410	3,824	77,234	104,232	78,411	182,643
2011	56,080	921	57,001	107,762	74,132	181,894
2012	-	-	-	109,634	69,482	179,116
2013-2017	-	-	-	584,964	271,457	856,421
2018-2022	-	-	-	530,879	135,595	666,474
2023-2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,360</u>	<u>30,318</u>	<u>312,678</u>
	<u>\$ 267,840</u>	<u>\$ 20,866</u>	<u>\$ 288,706</u>	<u>\$ 2,043,989</u>	<u>\$ 835,788</u>	<u>\$ 2,879,777</u>

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Township's governmental activities in the aggregate are as follows:

	<i><u>Governmental Activities</u></i>	<i><u>Business-type Activities</u></i>
Receivables:		
Accounts receivable	\$ 17,641	\$ 70,990
Taxes	21,439	-
Special assessments		309,482
Interest	4,487	7,236
Intergovernmental	<u>57,007</u>	<u>-</u>
Total receivables	<u>\$ 100,574</u>	<u>\$ 387,708</u>
Accounts payable and accrued expenses:		
Accounts	\$ 29,273	\$ 39,978
Payroll and related liabilities	17,138	303
Interest	-	11,478
Advances	<u>-</u>	<u>5,866</u>
Total accounts payable and accrued expenses	<u>\$ 46,411</u>	<u>\$ 57,625</u>

NOTE 8: INTERFUND BALANCES AND TRANSFERS

There were no interfund receivable and payable balances at March 31, 2007.

Interfund transfers reported in the fund statements were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
<i>Major Governmental Fund:</i>	<i>Major Proprietary Fund:</i>	
General Fund	Water Fund	<u>\$ 34,904</u>

Transfers are used to use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 9: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for significant losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

NOTE 10: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan:

Plan Description – The Township has a defined contribution pension plan for covering substantially all full-time employees. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

Insurer – The Manufacturers Life Insurance/John Hancock Company.

Contributions – Employer contributions for each participant will be 2% of base wages for fire personnel and a scheduled contribution rate of \$ 150 plus \$ 150 per \$ 1,000 of base wages for all other.

Plan Activity – During the year ended March 31, 2007, the Township contributed \$ 16,610 to the plan.

Post Employment Benefits and Deferred Compensation Plan:

The Township offers no post employment benefits to its retirees and no deferred compensation plan.

NOTE 11: CONTINGENT LIABILITY

The Township received a federal grant from Michigan Strategic Funds passed through the Michigan Economic Development Corporation in the amount of \$530,000 for an infrastructure project which required certain matching contributions from the Township and private companies. The matching requirements were not fully met. The Township may be required to repay a portion of or the full amount of grant funds.

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 12: PRIOR PERIOD ADJUSTMENT

Correction of Accrued Payroll:

Accrued payroll of \$ 19,156 paid on April 6, 2006, should have been recorded as a March 31, 2006 accrued liability.

	<i>General Fund</i>	<i>Building Inspection Fund</i>
Fund Balance previously reported March 31, 2006	\$ 919,657	\$ 84,280
Adjustment to record accrued payroll	(18,156)	(1,000)
Fund Balance at March 31, 2006, restated	<u>\$ 901,501</u>	<u>\$ 83,280</u>

Correction of a Reporting Policy:

A portion of the Township's Sewer and Water Funds are administered as an Agency Fund of the Bay County Department of Water and Sewer (DWS). In prior years, the portion of the Sewer and Water Funds administered by the DWS was excluded from the Township's financial statements. The portion of the Township's remaining sewer and water activity was reported as an activity in the General Fund. In the current year, the Agency Fund of the DWS is included in the financial statements of the Township.

The sewer and water activity previously reported by the Township has been reclassified as a Proprietary Fund type activity and merged with the DWS portion in the Township's Sewer and Water Funds.

The Township has changed its reporting policy for its Sewer and Water Funds, as described above, in order to be in accordance with generally accepted accounting and reporting principles.

As a result of this reporting policy change, the effect on beginning net assets and fund balances is as follows:

Fund Financial Statements:

	<i>Sewer Fund</i>	<i>Water Fund</i>
Net Assets previously reported March 31, 2006	\$ -	\$ -
Adjustments Needed to Properly Report the Township's Sewer and Water Funds.		
Reclassify special assesement receivable from General Fund to Water Fund		122,730
Record special assessment receivable, for sewer fund connections, not previously reported	223,685	-
Record the net sewer and water system assets at the County as of December 31, 2005 previously not reported	<u>3,866,974</u>	<u>3,259,894</u>
Net Assets at March 31, 2006, restated	<u>\$ 4,090,659</u>	<u>\$ 3,382,624</u>

KAWKAWLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Government-wide Financial Statements:

	<i><u>Governmental Activities</u></i>	<i><u>Business-type Activities</u></i>
Net Assets previously reported March 31, 2006	\$ 1,546,472	\$ -
Adjustment to record accrued payroll	(19,156)	
Adjustments Needed to Properly Report the Township's Sewer and Water Funds:		
Reclassify special assesement receivable from General Fund to Water Fund	(122,730)	122,730
Record special assessment receivable, for sewer fund connections, not previously reported	-	223,685
Record the net sewer system assets at the County as of December 31, 2005 previously not reported	-	3,866,974
Record the net water system assets at the County as of December 31, 2005 previously not reported	-	3,259,894
Net Assets at March 31, 2006, restated	<u>\$ 1,404,586</u>	<u>\$ 7,473,283</u>

REQUIRED SUPPLEMENTAL INFORMATION

KAWKAWLIN TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>			<i>Actual Over (Under)</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Final Budget</i>
Revenues:				
Property taxes	\$ 204,835	\$ 204,835	\$ 196,847	\$ (7,988)
Licenses and permits	27,750	27,750	29,642	1,892
State grants	361,081	361,081	356,441	(4,640)
Contributions from other units	2,500	2,500	12,863	10,363
Charges for services	99,753	49,753	20,236	(29,517)
Interest and rents	42,400	42,400	74,655	32,255
Other revenue	5,300	5,300	30,767	25,467
		-		
Total revenues	743,619	743,619	721,451	27,832
Expenditures:				
Current				
General government	215,790	226,705	228,064	1,359
Public safety	106,632	112,377	112,025	(352)
Public works	331,700	238,650	236,931	(1,719)
Community and economic development	16,160	16,160	13,802	(2,358)
Recreation	16,000	16,000	19,025	3,025
Other	33,232	33,232	29,162	(4,070)
Capital outlay	24,105	21,461	21,303	(158)
Total expenditures	743,619	664,585	660,312	(4,273)
Excess (deficiency) of revenues over expenditures	-	79,034	61,139	(17,895)
Other financing sources (uses):				
Transfers out	-	(40,000)	(34,904)	5,096
Net change in fund balance	-	39,034	26,235	(12,799)
Fund balance, beginning of year, as restated	901,501	901,501	901,501	-
Fund balance, end of year	\$ 901,501	\$ 940,535	\$ 927,736	\$ (12,799)

KAWKAWLIN TOWNSHIP

SPECIAL REVENUE FUND – FIRE FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under) Final Budget</i>
Revenues:				
Property taxes	\$ 126,815	\$ 126,815	\$ 128,164	\$ 1,349
Charges for services	-	-	7,106	7,106
Total revenues	<u>126,815</u>	<u>126,815</u>	<u>135,270</u>	<u>8,455</u>
Expenditures:				
Current				
Public safety	32,980	32,980	31,605	(1,375)
Capital outlay	7,000	7,000	6,438	(562)
Debt service				
Principal	65,158	65,158	65,158	-
Interest and fees	<u>12,077</u>	<u>12,077</u>	<u>12,077</u>	<u>-</u>
Total expenditures	<u>117,215</u>	<u>117,215</u>	<u>115,278</u>	<u>(1,937)</u>
Excess (deficiency) of revenues over expenditures	9,600	9,600	19,992	10,392
Fund balance, beginning of year	<u>5,824</u>	<u>5,824</u>	<u>5,824</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,424</u>	<u>\$ 15,424</u>	<u>\$ 25,816</u>	<u>\$ 10,392</u>

KAWKAWLIN TOWNSHIP

SPECIAL REVENUE FUND – TRASH FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Over (Under) Final Budget</i>
Revenues:				
Charges for services	\$ 205,570	\$ 205,570	\$ 209,470	\$ 3,900
Other revenue	<u>150</u>	<u>150</u>	<u>195</u>	<u>45</u>
Total revenues	<u>205,720</u>	<u>205,720</u>	<u>209,665</u>	<u>3,945</u>
Expenditures:				
Current				
Public works	<u>201,594</u>	<u>202,606</u>	<u>203,129</u>	<u>523</u>
Total expenditures	<u>201,594</u>	<u>202,606</u>	<u>203,129</u>	<u>523</u>
Excess (deficiency) of revenues over expenditures	4,126	3,114	6,536	3,422
Fund balance, beginning of year	<u>38,838</u>	<u>38,838</u>	<u>38,838</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 42,964</u></u>	<u><u>\$ 41,952</u></u>	<u><u>\$ 45,374</u></u>	<u><u>\$ 3,422</u></u>

OTHER SUPPLEMENTAL INFORMATION

KAWKAWLIN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2007

Revenues:

Current Taxes:

Property taxes	\$ 146,581
Trailer tax	1,313
Penalties and interest on taxes	6,420
Administration fees	42,533
	<u>196,847</u>

Licenses and permits:

CATV franchise fees	<u>29,642</u>
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State Grants:

State revenue sharing - sales tax	347,219
Metro Act	7,837
Property tax collection reimbursement	1,385
	<u>356,441</u>

Contribution from other units:

Contributions from school districts	
Election reimbursement	2,105
Property tax collection reimbursement	10,758
	<u>12,863</u>

Charges for services:

Rescue service calls	12,350
Zoning/Variance fees	4,170
Other	3,716
	<u>20,236</u>

Interest and rents:

Interest	59,579
Rents	15,076
	<u>74,655</u>

Other Revenue:

Contributions and donations	25,435
Reimbursements	1,449
Other	3,883
	<u>30,767</u>

Total revenues	<u><u>\$ 721,451</u></u>
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KAWKAWLIN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2007

General Government:

Township Board:

Personnel	\$ 9,402
Fringe benefits	3,034
Supplies	5,636
Contracted services	13,733
Mileage	6,673
Dues and memberships	2,858
Printing and publications	1,049
Insurance	10,587
Other	2,618
	<u>55,590</u>

Supervisor:

Personnel	<u>21,821</u>
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Clerk:

Personnel	<u>25,068</u>
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Property tax administration:

Supplies	2,719
Contracted services	6,921
Printing and publications	39
Other	57
	<u>9,736</u>

Board of Review:

Personnel	525
Printing and publications	117
	<u>642</u>

Treasurer:

Personnel	<u>24,693</u>
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Assessor:

Personnel	31,415
Fringe benefits	300
Supplies	100
Contracted services	1,130
Mileage	1,173
Dues and memberships	75
	<u>34,193</u>

KAWKAWLIN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

General Government (continued):

Elections:

Supplies	2,069
Contracted services	4,014
Printing and publications	148
	<u>6,231</u>

Hall and Grounds:

Personnel	14,138
Fringe benefits	261
Supplies	2,284
Contracted services	1,550
Telephone	3,082
Insurance	2,647
Utilities	13,536
Repairs and maintenance	12,592
	<u>50,090</u>

Total general government	<u>228,064</u>
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Public Safety:

Police:

Contracted services	<u>9,917</u>
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Fire:

Personnel	87,149
Fringe benefits	4,462
Contracted services	8,996
Mileage	358
Dues and memberships	446
Other	697
	<u>102,108</u>

Total public safety	<u>112,025</u>
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Public Works:

Drains Public Benefit:

Contracted services	<u>8,603</u>
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Roads:

Contracted services	<u>217,337</u>
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Street Lights:

Utilities	<u>8,979</u>
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KAWKAWLIN TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Public Works (continued):

Storm Sewer and Drains:

Contracted services	1,800
Utilities	212
	<u>2,012</u>
Total public works	<u>236,931</u>

Community and Economic Development:

Planning:

Personnel	2,360
Contracted services	1,020
Mileage	100
Printing and publications	572
	<u>4,052</u>

Zoning:

Personnel	<u>9,750</u>
Total community and public development	<u>13,802</u>

Recreation:

Parks and Recreation:

Supplies	757
Contracted services	8,437
Repairs and maintenance	7,618
Other	2,213
Total recreation	<u>19,025</u>

Other:

Retirement	16,610
Payroll taxes	<u>12,552</u>
Total other	<u>29,162</u>

Capital Outlay:

General government	<u>21,303</u>
Total capital outlay	<u>21,303</u>
Total expenditures	660,312

Other Financing Uses:

Transfers to other funds	<u>34,904</u>
Total expenditures and other financing uses	<u>\$ 695,216</u>

KAWKAWLIN TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
March 31, 2007

	<i>Special Revenue Funds</i>			
	<i>Cemetery Fund</i>	<i>River Treatment Fund</i>	<i>Liquor License Fund</i>	<i>Street Lighting Fund</i>
Assets:				
Cash and cash equivalents	\$ 44,847	\$ 834	\$ 2,055	\$ 1,120
Accounts receivable	-	120	-	306
Total assets	<u>\$ 44,847</u>	<u>\$ 954</u>	<u>\$ 2,055</u>	<u>\$ 1,426</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 13	\$ -	\$ -	\$ 222
Accrued expenses	-	-	-	-
Total liabilities	<u>13</u>	<u>-</u>	<u>-</u>	<u>222</u>
Fund balances:				
Unreserved:				
Special revenue funds	<u>44,834</u>	<u>954</u>	<u>2,055</u>	<u>1,204</u>
Total fund balances	<u>44,834</u>	<u>954</u>	<u>2,055</u>	<u>1,204</u>
Total liabilities and fund balances	<u>\$ 44,847</u>	<u>\$ 954</u>	<u>\$ 2,055</u>	<u>\$ 1,426</u>

<i>Building Inspection Fund</i>	<i>Budget Stabilization Fund</i>	<i>Total Nonmajor Governmental Funds</i>
\$ 94,514	\$ 50,000	\$ 193,370
-	-	426
<u>\$ 94,514</u>	<u>\$ 50,000</u>	<u>\$ 193,796</u>

\$ 5,548	\$ -	\$ 5,783
<u>2,258</u>	<u>-</u>	<u>2,258</u>
<u>7,806</u>	<u>-</u>	<u>8,041</u>

<u>86,708</u>	<u>50,000</u>	<u>185,755</u>
<u>86,708</u>	<u>50,000</u>	<u>185,755</u>
<u>\$ 94,514</u>	<u>\$ 50,000</u>	<u>\$ 193,796</u>

KAWKAWLIN TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<i>Special Revenue Funds</i>			
	<i>Cemetery Fund</i>	<i>River Treatment Fund</i>	<i>Liquor License Fund</i>	<i>Street Lighting Fund</i>
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
State grants	-	-	1,845	-
Charges for services	19,470	-	-	-
Other revenue	<u>10,532</u>	<u>2,280</u>	<u>-</u>	<u>2,826</u>
Total revenues	<u>30,002</u>	<u>2,280</u>	<u>1,845</u>	<u>2,826</u>
Expenditures:				
Current				
General government	28,967	1,379	-	-
Public safety	-	-	-	-
Public works	-	-	-	2,740
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>28,967</u>	<u>1,379</u>	<u>-</u>	<u>2,740</u>
Excess (deficiency) of revenues over expenditures	1,035	901	1,845	86
Fund balances, beginning of year, as restated	<u>43,799</u>	<u>53</u>	<u>210</u>	<u>1,118</u>
Fund balances, end of year	<u>\$ 44,834</u>	<u>\$ 954</u>	<u>\$ 2,055</u>	<u>\$ 1,204</u>

<i>Building Inspection Fund</i>	<i>Budget Stabilization Fund</i>	<i>Total Nonmajor Governmental Funds</i>
\$ 52,886	\$ -	\$ 52,886
-	-	1,845
-	-	19,470
-	-	15,638
<u>52,886</u>	<u>-</u>	<u>89,839</u>
-	-	30,346
44,358	-	44,358
-	-	2,740
<u>5,100</u>	<u>-</u>	<u>5,100</u>
<u>49,458</u>	<u>-</u>	<u>82,544</u>
3,428	-	7,295
<u>83,280</u>	<u>50,000</u>	<u>178,460</u>
<u>\$ 86,708</u>	<u>\$ 50,000</u>	<u>\$ 185,755</u>

KAWKAWLIN TOWNSHIP

FIDUCIARY FUND – AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

March 31, 2007

	<i>April 1, 2006</i>	<i>Additions</i>	<i>Deductions</i>	<i>March 31, 2007</i>
<u>CURRENT TAX COLLECTION</u>				
Assets:				
Cash and cash equivalents	<u>\$ 71,907</u>	<u>\$ 4,097,991</u>	<u>\$ 4,168,314</u>	<u>\$ 1,584</u>
Liabilities:				
Accounts payable	\$ 65,937	\$ 17,208	\$ 83,145	\$ -
Due to other governmental units	<u>5,970</u>	<u>4,080,783</u>	<u>4,085,169</u>	<u>1,584</u>
	<u>\$ 71,907</u>	<u>\$ 4,097,991</u>	<u>\$ 4,168,314</u>	<u>\$ 1,584</u>

KAWKAWLIN TOWNSHIP

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS March 31, 2007

Fire Truck and Refinancing of Existing Fire Truck

Issue dated November 4, 2002 in the amount of	\$ 492,439
Less: Principal paid in prior years	(181,445)
Principal paid in current year	<u>(60,697)</u>
Balance payable at March 31, 2007	<u>\$ 250,297</u>

Balance payable as follows:

<i><u>Fiscal</u></i> <i><u>Year Ended</u></i>	<i><u>Rate</u></i>	<i><u>Principal</u></i>	<i><u>Interest</u></i>	<i><u>Total</u></i> <i><u>Annual</u></i> <i><u>Requirement</u></i>
2008	3.97%	\$ 63,151	\$ 8,796	\$ 71,947
2009	3.97%	65,705	6,243	71,948
2010	3.97%	68,361	3,586	71,947
2011	3.97%	<u>53,080</u>	<u>881</u>	<u>53,961</u>
		<u>\$ 250,297</u>	<u>\$ 19,506</u>	<u>\$ 269,803</u>

Ford Fire Rescue Unit

Issue dated October 4, 2005 in the amount of	\$ 23,809
Less: Principal paid in prior years	(1,805)
Principal paid in current year	<u>(4,461)</u>
Balance payable at March 31, 2007	<u>\$ 17,543</u>

Balance payable as follows:

<i><u>Fiscal</u></i> <i><u>Year Ended</u></i>	<i><u>Rate</u></i>	<i><u>Principal</u></i>	<i><u>Interest</u></i>	<i><u>Total</u></i> <i><u>Annual</u></i> <i><u>Requirement</u></i>
2008	4.14%	\$ 4,649	\$ 639	\$ 5,288
2009	4.14%	4,845	443	5,288
2010	4.14%	5,049	238	5,287
2011	4.14%	<u>3,000</u>	<u>40</u>	<u>3,040</u>
		<u>\$ 17,543</u>	<u>\$ 1,360</u>	<u>\$ 18,903</u>